

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

_____)
Cape Light Compact)
_____)

D.T.E. 01-63

**COMMENTS OF COMMONWEALTH ELECTRIC COMPANY ON THE
DEFAULT SERVICE PILOT PLAN OF THE CAPE LIGHT COMPACT**

I. INTRODUCTION

Commonwealth Electric Company (“Commonwealth or the “Company”) d/b/a NSTAR Electric Company (“NSTAR Electric”) hereby submits the following comments to the Department of Telecommunications and Energy (the “Department”) in the above-referenced proceeding. The proceeding involves the submission of a pilot program by the Cape Light Compact (the “Compact”) to the Department proposing to provide electric power supply to approximately 42,000 default service customers on Cape Cod and Martha’s Vineyard within the Compact’s member communities (the “Pilot Plan”). The Department has set a deadline of September 11, 2001¹ **to file written comments regarding the Pilot Plan.**

Commonwealth recognizes the unique position of the Compact under the Restructuring Act of 1997 (the “Act”) and the need to facilitate the migration of electricity customers from utility-provided default service. Accordingly, Commonwealth’s comments offered below are intended to highlight a few important issues that Commonwealth believes must be addressed by the Department in order for the Pilot Plan to work successfully and efficiently for Commonwealth, the Compact and customers throughout the Cape and Martha’s Vineyard.

II. COMMENTS

A. The Company’s Responsibilities Pursuant to the Pilot Plan Should Not Commence Absent Department Approval of the Compact’s Supply Contract

The Pilot Plan includes a time line prior to service initiation that contemplates Department approval of the Pilot Plan by October 15, 2001 (Pilot Plan at 9). The Pilot

¹ Because the Department was closed on September 11, 2001, the Company assumes that September 12 is the filing deadline for these comments.

Plan also notes that the Compact intends to finalize its supply contract by October 31, 2001 presumably conditioned on Department approval of the Pilot Plan. The Company's responsibilities pursuant to the time line commence within a day after the Compact finalizes a supply contract. However, the time line does not appear to envision Department approval of the supply contract. Conversely, the Compact's Aggregation Plan included recognition of both the role of the Department and the Compact's member communities in approving its supply contract (*id.*, Attachment 1, at 11). Because the price and terms of the supply contract are integral aspects of the Pilot Plan, it is necessary for the Department to review and approve the Compact's supply contract. The Company will need to take a number of steps to alter its Default Service supplies and its customer-enrollment and supplier-transaction systems to accommodate the Pilot Plan, and it cannot finalize these actions until all necessary approvals are achieved (and a definite start-up date and all Department directives are known). Accordingly, until the Pilot Plan and supply contracts are approved and the Department has given final approvals of all relevant aspects of the Pilot Plan, the Company cannot complete systems changes. The Company asks that this issue be clarified so that the Company and the Compact may revise the time line, if necessary, for the enrollment of customers with the Compact's supplier.

B. The Compact's Enrollment Proposal Must Be Clarified

The Pilot Plan proposes three steps for enrollment of customers: (1) data preparation by NSTAR Electric to identify all customers on Default Service in Compact member communities; (2) data verification by NSTAR Electric, to the extent needed, to check customer account numbers and codes to "verify proper customer identification for enrollment purposes"; and (3) "automatic enrollment," whereby "all verified customers shall be transferred to the Compact supplier, unless the customer has previously sent in its notification to opt-out according to established deadlines" (Pilot Plan at 6). Regarding (1) data preparation and (2) verification, the Company has already provided the Compact with a list of its Default Service customers, and will update and verify that list upon the Compact receiving all necessary approvals of the Pilot Plan and its supply contract. However, the Company's role in enrolling customers "automatically" must be clarified.

In order to begin the enrollment process, when the Compact receives all necessary approvals of the Pilot Plan and its supply contract, the Company will provide the Compact, in electronic format, an updated and verified list of default service customers as of the latest date available. Once the Company receives from the Compact a list of customers participating in the Pilot Plan (after an opportunity for customers to opt out), the Company will return an electronic version of the list so that the Compact's supplier can initiate the electronic transactions to transfer the customers from Default Service to the Compact's supplier, as each customer's billing cycle is complete. This process must be started no later than October 27 to meet the January 1, 2002 implementation date.² Accordingly, to the extent that the Compact's Pilot Plan is not approved prior to that time, the Company will need additional time after January 1, 2002 to begin switching customers to the Compact's supplier.

Moreover, to the extent that the Company adds new Default Service customers

² See Section II.C, *infra*.

after the date the initial customer list is sent to the Compact, the Company will need adequate time to change its customer information systems to “automatically enroll” such *new* customers with the Compact’s supplier. The Company estimates that it will need approximately 90 days after Department approval of the Pilot Plan before the Company’s system would be able to perform the automatic enrollment of new customers in the Compact’s member communities. This is because the procedure for existing Default Service customers uses the normal transactions for the transfer of customers to a competitive supplier, but the Company’s systems do not presently accommodate the “automatic” assignment of new customers who have not affirmatively designated an alternative supplier. Therefore, the automatic assignment to the Compact’s supplier of new customers who would normally be assigned to Default Service requires new electronic transactions, which do not presently exist.

Accordingly, in order to enroll new customers with the Compact’s supplier during this 90-day period, the Company proposes that it be allowed to place such customers on Default Service when they originally sign up for service with the Company, and then (after notification to the Compact’s supplier) switch such customers to the Compact’s supplier by the beginning of the customer’s next billing cycle. Under this proposal, a new customer (*i.e.*, a customer that would normally be placed on Default Service after the date that the list is provided to the Compact) would be on the Company’s Default Service for approximately one month after the implementation date of the Pilot Plan prior to being switched.³ Accordingly, the Company asks that the Department clarify that the Company be allowed to enroll its existing and new Default Service customers with the Compact’s supplier, as soon as practicable after the Department approves the Compact’s Pilot Plan, consistent with the time frame outlined above.

³ The Company will need to make significant changes to its customer-information system to accommodate the Compact, for which the Company does not intend to seek recovery of its incremental costs from the Compact.

C. Service Start-Up

The Pilot Plan provides that the start-up for service “will be staggered as each customer ends their normal billing cycle, unless a customer requests a meter read and start-up for a certain date (for which they will have to pay the approved charge.)” (Pilot Plan at 7). In addition, on page 9, the Pilot Plan’s timeline has a January 1, 2002 service initiation date with “all customers in January” in parentheses. The Company is interpreting the provisions on page 6 and page 9 in tandem and presumes that the Compact does not expect all customers to be switched on January 1, 2002. To the extent that the Company’s presumption is incorrect, the Company seeks clarification on this issue. At this time, NSTAR Electric’s customer-information system and billing system are designed to accommodate customers changes of supplier as of the next scheduled meter-read date using standard transactions under the Electronic Business Transactions process. If NSTAR Electric were required to process customers’ service start-ups on an off-cycle basis, the Company would not be able to provide support for the Pilot Plan under the proposed schedule. In order to process off-cycle start-ups, NSTAR Electric would need to make extensive changes to its bill-calculation process and make additional modifications to several components within its customer-information system. Making these changes would involve a complex and expensive undertaking. Maintaining the current start-up schedule (*i.e.*, start-up on the next scheduled meter-read date) provides a simple and efficient means for customers to begin taking service under the Pilot Plan. Accordingly, the Company requests that the Department apply to the Pilot Plan the standard requirement that customers will start service under the Pilot Plan as of their next scheduled meter-read date.

D. Customer Education

The Pilot Plan notes that the Compact’s supplier will establish a customer-care unit to address questions on the Pilot Plan, and that the Compact will otherwise implement a customer-education program (Pilot Plan at 7-8). The Pilot Plan’s customer-education provisions also provide that “[t]o assure a smooth transition between NSTAR Default Service supply and the Compact’s competitive supply, the Compact will work with NSTAR and the competitive supplier to protect customers” (*id.* at 8). Regarding the Pilot Plan generally, the Company will certainly work with the Compact to ensure that the transition to the Compact’s supplier is as seamless as possible for the Company’s customers. However, the Company would like to ensure that its customers do not infer that they are being switched to a supplier at the Company’s behest. To that end, the Compact’s customer-education plan appears, properly, to leave responsibility with the Compact and its supplier for educating customers about the Pilot Plan. However, to the extent that the Compact envisions a role for the Company in educating customers about the Pilot Plan, the Company seeks clarification that its role in the transition is limited to providing the Compact with an updated and verified list of Default Service customers and switching participating customers to the Compact’s supplier, as discussed in section II.A., supra.

E. Termination

The Pilot Plan notes that, “in any case in which the program is being terminated, consumers would receive a notice ninety (90) days prior to program termination” (Pilot Plan at 4). However, the Pilot Plan does not appear to include any such notice to the Company in the event of program termination. Accordingly, the Company seeks clarification that it will receive the same notice as customers regarding any termination of the Pilot Plan, in order to allow the Company adequate time to accept a mass switching of customers in the Compact’s member communities onto the Company’s Default Service.

1. CONCLUSION

The Company appreciates the opportunity to submit comments in this proceeding and believes that the Pilot Plan is generally consistent with the Department’s efforts to move customers off of Default Service. Should the Pilot Plan be approved by the Department, the Company will endeavor to facilitate the transition of its Default Service customers to the Compact’s supplier. However, in order to ensure an efficient transition, the Company asks that the Compact clarify certain provisions of the Pilot Plan and that the Department apply the normal service start-up schedule, in recognition of the significant effort that the Company would need to undertake to meet the goals of the Compact.

Respectfully submitted,

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